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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON 25, D. C.

April 15, 1947

MANAGEMENT MEMORANDUM 16-1
PURCHASE OF CAPITAL ASSET ADDITIONS TO NON-ELECTRIC PLANT

TO ALL REA BORROWERS:

This memorandum is prepared for your use and guidance in the preparation of Plant Procurement Orders and to expedite REA administrative approval of purchase of non-electrical plant items classed as Capital Assets.

PURCHASES THAT DO NOT REQUIRE A PLANT PROCUREMENT ORDER:

When existing equipment such as transportation equipment, tools and working equipment, office furniture and equipment and communications equipment are replaced because of normal wear and usage; the transaction may be handled by the borrower without prior approval of REA. (Of course, release of lien for replaced motor vehicles must be obtained from REA.) General Funds will be used for these purposes, and the accounting for the purchase and disposal of the equipment will be in accordance with existing provisions of the Manual of Accounts prepared by the Finance Division.

Also, single items costing less than \$100 may be purchased with General Funds and charged direct to the appropriate operating, maintenance or plant accounts without prior approval of REA.

PURCHASES THAT REQUIRE A PLANT PROCUREMENT ORDER:

When purchases of additional or new equipment (other than for replacement purposes) in the following categories are contemplated, a plant procurement order should be prepared and forwarded to the Regional Head, Management Division, for obtaining administrative approval:

1. Transportation equipment
2. Tools and working equipment
3. Office furniture and equipment
4. Communications facilities
5. Billing machines and other special equipment
6. Headquarters facilities, (land and buildings)

Such orders must be approved: (1) in order that loan funds may be advanced for these purposes; or (2) in order to obtain administrative approval for using general funds to finance purchases in these categories.

In those cases where the original cost of the replacement unit is greater than the original cost of the unit being replaced, the difference may be properly paid from loan funds on the basis of an approved plant procurement order.

However, single items costing less than \$100 may be purchased using general Funds and charged direct to the appropriate operating, maintenance or plant accounts without prior approval of REA. If reimbursement is later desired for these single purchases costing less than the \$100 limitation, a plant procurement order must be prepared and submitted to your Regional Head, Management Division. The procurement order provides the basis on which authorization may be given to the Finance Division to advance the amount requested.

GENERAL INFORMATION:

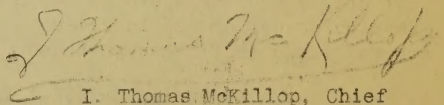
The purchase of non-electric plant items listed under capital accounts No. 372 through No. 379 wherever possible should be made as suggested in the competitive bid procedure outlined in Operations Memorandum 16-2, unless the equipment is available under an REA-approved group purchase plan. Processing of plant procurement orders will be expedited if the manager will attach descriptive literature or a covering letter giving details of the equipment to be purchased.

PROCEDURE:

In order that plant procurement orders will be handled as promptly as possible, the following points should be observed in preparing procurement order forms:

1. A copy of the plant procurement order form, CO-115, is attached illustrating an example applicable to the trade-in of a truck. Copies of this form should be mimeographed for your own use because REA is in position to furnish only a sample copy.
2. In submitting procurement orders do not list equipment in more than one category on a single order. For example, "Office Equipment" and "Transportation" should not be entered on the same order.
3. To facilitate identification and processing of procurement orders please use consecutive numbering on all orders.
4. For identifying accounting items reference should be made to the Manual of Accounts prepared by the Finance Division.
5. Three copies of each plant procurement order should be submitted to the Management Division. Two copies will be retained by REA to provide a basis on which to approve an advance of loan funds or to obtain administrative approval for the use of general funds. One copy of the approved order will be returned for your records.

This memorandum supersedes all previous memoranda on this subject.



I. Thomas McKillop, Chief
Management Division
6-30-49

PLANT PROCUREMENT ORDER

(Additional to Non-Electric General Plant)

BORROWER DESIGNATION _____ DATE: _____

PLANT PROCUREMENT ORDER NO.: _____

DESCRIPTION OF ASSET TO BE PURCHASED:

1½ Ton 1947 (make) Truck Chassis and Cab, Flat Body, with Winch Derrick and miscellaneous accessories list. (Attach separate sheet if sufficient space is not available here for complete listings or descriptions) Delivered cost \$2,750.00

DESCRIPTION OF ASSET TO BE DISPOSED OF:

¾ Ton 1940 (make) Pick-up Truck. (Refer to plant order No. 3 Dated 6/5/40) Truck driven 110,000 miles, in poor condition and maintenance costs excessive. Delivered cost, \$850.00

Account Number	Budget Item Number	Name of Account	Cost of Asset to be Purchased	Original Cost of Asset for Disposal	Difference of Costs
373	17b	Transportation Equipment	\$2,750.00	\$850.00	\$1,900.00

RECORD OF BIDS

Bid No.	Total Cost New Asset	Allowance on Asset Traded In	Net Cost	Bidders	Bid Accepted
1.	\$2,750.00	\$250.00	\$2,500.00	A. B. Motor Co.	Yes
2.	2,800.00	250.00	2,550.00	J. W. Sales Agency	No
3.	2,850.00	260.00	2,590.00	C. D. Truck Corp.	No

INSTRUCTIONS:

Mail this Order
to REA in Triplicate

Approved: _____
Manager

Approved: _____
For Board of Directors

FOR REA USE

Loan Funds set aside for Borrower to Requisition \$ _____
Use General Funds pending release Loan Funds \$ _____
Use General Funds - No Reimbursement from Loan Funds \$ _____

Approved for REA by: _____ Date: _____
Regional Head, Management Division

